

# ***Force-centric Logistics Enterprise***



**5 November 2003**

**The Honorable Diane K. Morales  
Deputy Under Secretary of Defense  
(Logistics and Materiel Readiness)**

- Let me begin by thanking Admiral Holder for his invitation to join you here at COLD, and by congratulating the Joint Staff, the Services, DLA, TRANSCOM, and JFCOM for their considerable effort and progress on Logistics Transformation.
- In just two short years, we've been able to focus attention on 'logistics as a capability" and to address long-term structural issues, such as interoperability, weapon system support, and end-to-end warfighter support on a collaborative basis, through the FLE and JLB.
- You've applied the incremental improvements in capability in recent conflicts. There is much to be praised in OIF support performance, and we should begin there. All accomplishments to date belong to you.
- However, we have much left to do. Today I'd like to challenge you with a few questions, the most significant being, "Are we doing enough, fast enough, on logistics transformation to meet urgent warfighter needs?"



# ***Force-centric Logistics Enterprise***



- **Warfighter-focused**
- **Knowledge-enabled**
- **Accountability-driven**
- **Performance measured**
- **Affordable capability and risk balanced**
- **Integrated**
  - Operations/logistics
  - Acquisition/logistics
  - Finance/logistics

- Recognizing the solid progress we have made in policy development and initial implementation, we now need to embed the principles and procedures of FLE and logistics transformation across the broader logistics and defense community.
- To jumpstart transformation through the Future Logistics Enterprise, we attacked complex issues, such as: enterprise integration and best business practices; integrated weapon system support and end-to-end customer services.
- But effective logistics transformation and other emerging threats demand that we expand and accelerate our efforts.
- FLE's view encompasses and will track all logistics transformation.
- To represent this sense of urgency, FLE has been renamed "Force-centric Logistics Enterprise." The future is now, and our customer comes first.



# ***FLE Accomplishments***



- **Projected US combat power to launch OEF in 23 days**
- **Sustained most rapid ground movement in history in OIF**
- **Supported liberation of 2 nations**
  - **While maintaining global presence**
  - **Alleviating human suffering in Africa**
- **Transformed strategic logistics processes**
  - **Integrated**
  - **End-to-end**
- **Documented \$61B in cost savings/cost avoidances**

- One of the most difficult parts of our jobs is to prosecute conflicts with one eye on the next war. Because of that, we're constantly examining the challenges and fixing problems identified in the current and last conflict.
- Let me first take just a few minutes to "foot stomp" my view of your accomplishments over the past 3 years.
- If this were strictly an aviation group, I would say – you did change the tire in mid flight!



# ***Have we met the objective?***

- **9+ months to close the force in OIF**
- **Equipment/material shortages due to “business” processes**
  - **Track**
  - **Body armor**
  - **Winter uniforms**
- **Recurring “horror” stories from theater due to unsynchronized demands**
- **No overarching in-theater distribution management or plan**
- **Limited tactical communications to support logistics; limited asset visibility**
- **Logistics response time stagnant at 11 days for last 3 years**
- **Cost and inventory increasing**

- Your accomplishments are well documented, but we must constantly ask ourselves, “Are we doing enough – fast enough for our deployed warfighters?” Can we go any faster? If not, why not?
- For logistics transformation, have we [corporately] met the objective? Or is there still more work we can do in the near term?
- I offer a few observations based on current operations:
  - First, it took time to close the ground force in Kuwait, then into Iraq.
  - Second, our in-theater support has been plagued by 2 distinct challenges. At the national level, our ability to synchronize demand and supply is hampered by a complex web of business rules. At the tactical level, continuing difficulties with in-theater distribution to ground forces results in frustrated customers and unwelcome press reports. Is the Combatant Commander in charge; is it the Services; is anyone in charge?
  - Third, communications continue to be a limiting factor at the tactical level, resulting in our forces operating for days or weeks without the capability to register demands.
  - Finally, most disturbing to me is our strategic metrics do not demonstrate the gains associated with your hard work. Logistics Response Time has been flat at 11 days for 3 years, indicating that we are not compressing the supply chain. Current logistics costs are programmed to increase from \$90B in FY02 to \$105B in FY07. Inventory has risen from \$62.3B in FY01 to \$67B in FY03. Inventory increases should be expected given our increased funding for spares, but only the Air Force shows any significant improvement in readiness.





# ***The Future is NOW!***



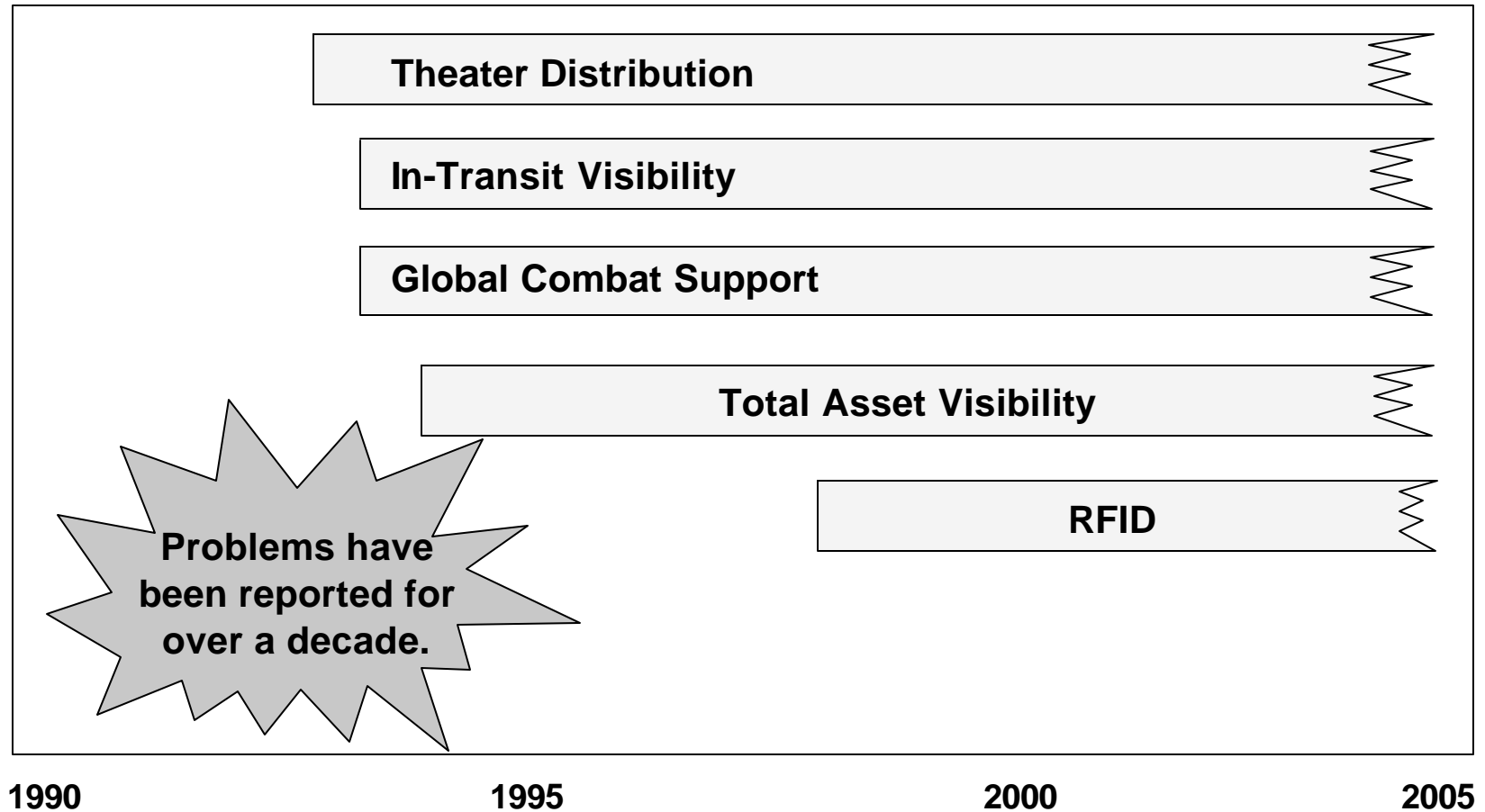
**We need to attack structural, recurring problems  
NOW with a national sense of urgency!**

- As we contemplate our current status, we are also mindful that our adversaries have not and will not wait until our transformation is complete.
- Our global war on terror dictates that we accelerate our transformation efforts to meet the current, urgent challenges of our operational forces.
- That means hard decisions will have to be made affecting doctrine, service re-organization, training, commands, budget, and help from organizations like P&R, C4I, NII, the Comptroller, and anyone else we need to help us deliver the responsive support capability the warfighter requires.



# ***How Many Times Must We Learn the Same Lesson?***

**STJNR**



***What will it take to address these issues quickly?***

- To emphasize the recurring, structural nature of some of our challenges, I asked my analysts to go back into the Joint Universal Lessons Learned Database and document long-term, repetitive issues.
- The results of their assessment are summarized in this chart. We've been struggling with some of the issues, such as in-theater distribution, for more than a decade.
- In some cases, the lessons we documented in Desert Storm/Desert Shield still challenge us, although we have made some progress: the most significant being that we no longer call for an initial 60 days of supply on the ground. In OIF, we had adequate materiel in theater and in many cases had visibility of it, but had little ability to move it to our ground forces.
- Later this afternoon, GEN Taylor will summarize FLOW, which again highlighted similar issues.
- We know the problem areas. Is there a will to fix them or do they fall into the "too painful" category? Again, I believe everyone in the logistics community is working hard to transform, so these recurring challenges lead me to the question, "Can we build on our solid momentum and will the current senior leadership agree to address these issues quickly?"



*Or*  
*Do we follow the path*  
*of*  
*every prior unchallenged*  
*superpower?*

- My sense is that we have a unique opportunity now, building on the momentum of our collaborative efforts to address those growing problems. The people in this room can gather those missing to fix these problems. No more studies are needed; forests have been destroyed developing tough recommendations.
- If not us, who? If not now, when?
- Our adversaries aren't waiting for us to fix our challenges. Will we again commit forces to conflict with processes we know cannot optimally support their operational needs?"



# ***FY04/FY05 Actions***

- **Customer accountability/demand forecasting**
  - Integrating operations and logistics
- **Aligning forces to the Defense Strategy (modernization and footprint)**
  - Integrating acquisition and logistics
- **Single Color of Money Pilot Programs and Systems modernization**
  - Integrate finance and logistics

- We need energy, leadership, and resources focused on the issues – just as we did in 2001 to launch FLE. Brad discussed the additional senior leadership that the Secretary is bringing to bear through the DLE and DLB – and we need to capitalize on this opportunity. Following my remarks, Chris Ames will present TRANSCOM's approach to their new role as Distribution Process Owner.
- So, I propose 3 focus areas for the JLB in FY04/FY05 to attack the structural issues.
- First, our demand forecasting process must be better integrated with operations and our customers need to understand the cost and complexity of coding all requisitions 999. In the past, we wrote this off as the “fog of war,” but – as we drive forward with net-centric warfare – we, as logisticians, have an opportunity to cut through some of that fog and improve our linkage to deployed forces. This will require some technology (tactical communications), some business process changes, including finance, and some outreach to our customers. I will ask the JLB to work with me to develop an integrated plan by early Calendar Year 04.
- Second, the Department is now re-assessing our force structure and its alignment to the defense strategy. Within that effort, we have been challenged to assess the effect of new weapons platforms on the logistics footprint and mobility. This is a logical and necessary outgrowth of our efforts on total life cycle systems management. As the analyses progress, I anticipate regular status reports to the JLB.
- Finally, all the Services and Agencies are demonstrating significant progress in implementing performance-based logistics and partnerships. With the Comptroller, our next step in FY04/FY05 is to sponsor several pilot programs (air, land, and sea) with streamlined financial procedures. These pilot programs, which the Services are now finalizing, will also demonstrate the comprehensive elements of FLE, including enterprise integration and end-to-end support. The JLB will receive regular progress reports.





# ***Closing Questions***

- **What can we do to accelerate achievement of required logistics capability?**
- **What can we achieve through FY04?**
- **Which in-theater distribution challenges can be resolved within the year?**
- **What financial/business changes should we advocate to streamline demand planning and synchronize with operations?**
- **How can we improve demand planning/forecasting? What role does time definite delivery of materiel play?**
- **What is the best approach to enhance customer accountability?**
- **How can we better educate our customers?**

- Those 3 areas will help us focus on near-term tangible results, but we have a myriad of issues to address within each of those areas.
- So I will close with a few more questions and ask you to consider them for future JLB discussions.
- The first 2 questions are driven by pragmatic reality. You have made significant progress, and we must continue that progress as the country moves into its political process of 04 elections. What can we do now to maintain focus and momentum?
- The third question, on in-theater distribution, is similar. We have struggled with this issue for over a decade. TRANSCOM is now designated the DPO to address that area. What can we do to assist in realizing some quick hits over the next year and help in prioritizing focus areas, based on OIF shortfalls?
- Finally, the last 4 questions are geared toward the integration of operations and logistics through improved demand planning and customer awareness. This area will become more critical as we press forward with net-centric warfare. We need to think through an integrated plan of action to stay ahead of future demands.
- Again, we all have to keep pressing forward on these tougher issues so that 10 years from now, those young warriors and logisticians aren't still struggling because we failed to act.
- THANK YOU.